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SUBJECT: AUSTRIAN MEDIA HIGHLIGHTS: December 15, 2006

January 11 - No Matter What

¶1. Salzburg Governor Gabi Burgstaller of the SPOe emphasized that the new Austrian government would definitely be sworn in on January 11. Should there be no agreement on a grand coalition with the OeVP by then, the Social Democrats would go ahead and form a minority government, Burgstaller added. According to a report by ORF online news, Salzburg Governor Gabi Burgstaller (SPOe) says the Social Democrats will have formed and sworn in a government early next year no matter what. The January 11 date would not be changed, she stressed, adding that additional later deadlines for forming a grand coalition would be "grotesque." She is confident that the negotiations between the SPOe and the People's Party can be concluded as scheduled by January 11. Asked why the SPO and the OeVP had officially announced a date for the swearing in of the new grand coalition, Burgstaller explained the aim was "to speed up the government-formation process."

Opposition Wary of SPOe-OeVP Plans

¶2. Greens leader Alexander Van der Bellen says he doesn't believe there will be an agreement to form a grand coalition. FPÖ boss Heinz-Christian Strache meanwhile says he finds the OeVP-SPOe schedule for setting up a coalition government "amusing." Semi-official daily Wiener Zeitung reports the opposition Greens and the FPÖ are skeptical about the SPOe and OeVP's announcement a government will be formed by January 11. Greens leader Alexander Van der Bellen is quoted as saying that despite statements Wednesday by SPOe and OeVP party leaders, he can see no reconciliation between the two. Van der Bellen added that the SPOe and the OeVP had been negotiating for ten weeks and had not reached agreement on a number of issues, which is why he is doubtful they will succeed in their efforts to form a grand coalition. In particular, the Greens leader pointed to as yet unresolved issues including the purchase of Eurofighter jets as well as education policy. In addition, topics such as that of policies on climate change or labor market plans are missing from the two parties' programs, Van der Bellen noted. Meanwhile, Freedom Party boss Heinz-Christian Strache, despite describing the OeVP-SPOe's self-imposed schedule as "amusing", says he believes both the deadline and a grand coalition are foregone conclusions.

EU Consensus on Enlargement

¶3. The European Union summit continues in Brussels today, with reform of the EU's institutions expected to dominate the meeting's

second day. Yesterday, EU leaders agreed to slow down enlargement through the tight application of admission rules for new member states.

Like all major Austrian media, centrist daily Die Presse reports on the EU's decision at the ongoing Brussels summit to put the brakes on enlargement. Bulgaria and Romania will be the last countries to be admitted in this decade; after that, the EU citizens will decide, the Presse says, and quotes Commission President Jos Manuel Barroso as stressing that "not the diplomats, but the people will determine the next enlargement round." To accommodate alienated EU citizens, the Union's heads of state and government on Thursday focused on the EU's "admission capabilities" in their attempt to slow down the enlargement process, the daily says.

Meanwhile, in an interview with independent provincial daily Salzburger Nachrichten, EU Foreign Relations Commissioner Benita Ferrero-Waldner said that Turkey as a "candidate country, should be treated fairly, which it was." However, she pointed out, Turkey "does not only have rights, but also responsibilities," and thus cannot expect "preferential treatment." Still, she underscored, the member states also needed to find better ways to communicate EU decisions at home.

#### Bawag Goes to Cerberus

14. It has been announced that a consortium headed by US company Cerberus Capital Management has won the bid to buy the Austrian union-owned bank Bawag for 3.2 billion Euros. The Austrian Unions Association OeGB said the consortium was chosen because they want the bank to continue to have strong Austrian identity. All Austrian media give extensive coverage to the announcement that Austrian bank Bawag will be sold to Cerberus Capital Management. ORF radio early morning news Morgenjournal in an analysis looks at "what and whom the consortium stands for." The "somewhat aggressive-sounding name Cerberus was chosen for the three founders of the consortium in 1992. After all, the mythical 'hound of hell' also had three heads. Today, the consortium -- headed by former US Secretary of the Treasury John Snow - is active in about 40

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countries all over the world. (...) Currently, Cerberus is setting up a powerful European branch, called 'Cerberus European Capital Advisors.' (...) The consortium is experienced in financial recovery of banking institutions. Bawag will serve as European headquarters of GM Bank, also recently salvaged by Cerberus. The consortium sees itself as a respectable financial investor," ORF radio says.

#### "Distressed Hedgehog" at US Embassy Vienna

15. Two Austrian dailies report on the construction of a security fence and lighting around the US embassy's property at Boltzmanngasse in Vienna's 9th district. Mass-circulation tabloid Oesterreich in its Vienna news section headlines "Dispute over Steel Fence around Embassy." The daily writes about the existing disruption of vehicular and pedestrian traffic in Boltzmanngasse because of the temporary barrier around the embassy property and claims the situation will get worse by March 2007 with construction of a new 10-foot-high steel fence. The decision to build this new fence was prompted, Oesterreich claims, by new terrorist threats. A Boltzmanngasse resident alleges that she has to go through the "checkpoint" every day with her baby buggy and suggests the US Embassy move out of downtown. Oesterreich also -- wrongly -- states the Embassy refused to comment officially on the issue. Similarly, mass-circulation tabloid Kronen Zeitung runs the headline "US Embassy Curling up like a Distressed Hedgehog." According to the tabloid, the Embassy is building something that "sounds like a prison cage," and neighbors are nervous about what the result will look like. The article points out, however, that pedestrian and bicycle traffic will have a wider passageway. The Kronen Zeitung also did not quote from the embassy statement it received on the issue.

#### FBI Visits Salzburg

16. FBI experts were in Salzburg earlier this month to meet with

representatives from the Austrian police's Disaster Victim Identification Group DVI in order to share their respective experiences in the area of disaster control. On December 6, independent provincial daily Salzburger Nachrichten reported on the meeting between representatives of the FBI -- Special Agents Gerry Reineke and Aaron Uhle, and Embassy Assistant Legal Attach Paul Caldwell -- and the Austrian DVI Group in Salzburg to discuss disaster control. The daily quotes Reineke as stressing the FBI had "learned much since September 11. We've adapted our structures, and now we have the opportunity to set up task forces that include representatives from the federal, state and community police." This had already proved useful in the post-hurricane Katrina efforts, he noted. Karl-Heinz Wochermayr from the Austrian police explains that procedures are similar in Austria. He also stressed the importance of meeting and establishing contacts with his FBI colleagues. Special Agent Aaron Uhle agrees, adding it makes it "much easier to coordinate" efforts. To conclude the visit, the Austrian hosts invited their US colleagues to the Salzburg Advent market, the daily writes.

#### Election Test for Ahmadinejad

17. Iranians are voting for local councils and an influential clerical body today. It will be the first election since hard-line President Mahmoud Ahmadinejad assumed office in 2005; the vote is considered an important test of public support for Ahmadinejad and his allies.

All Austrian media agree that the Iranian vote today is the first electoral test for President Ahmadinejad. Mass-circulation daily Kurier headlines "tricky decisions in Iran," and argues that the elections for the country's so-called "Council of Experts," a clerical body, are marked by a power struggle over leadership. Voter turnout is expected to be low, however: Young, cosmopolitan Iranians in particular, the daily's foreign affairs writer Konrad Kramar says, are so tired of the Mullah's politics that they see no reason to go to the polls. This is one of the factors that helped sweep radical populist Mahmoud Ahmadinejad unexpectedly to power last time, writes Kramar. Today's vote will determine whether religious fundamentalists from the President's circle of supporters will win the majority in the Council of Experts, which would give the religious fanatics in Iran complete control of the country: One of the council's key functions is to elect Iran's supreme religious

leader - the ultimate authority in Iran.  
McCaw